



Dear Small Business,

In response to your inquiry we are pleased to announce that some of the major incentives of the American Recovery and Reinvestment Act (the 'Recovery Act') pertaining to the U. S. Small Business Administration (SBA) loan programs are now available!

Attached please find the following:

- **2009 Recovery Act - Q&A Fact Sheet for Small Business Owners**
- **2009 Recovery Act - Q&A Fact Sheet on Contracting Opportunities**
- **SBA News Release – SBA Launches New 100-Percent Guarantee ARC Loan Program to Help Struggling Businesses**
- **SBA News Release “Recovery Act More Than Doubles Surety Bond Guarantee Ceiling for Small Businesses”**
- **SBA New Release “Statement from SBA Acting Administrator on Recovery Efforts Announced by President Obama Today”**

There are still other provisions of the Recovery Act that have not been rolled out. They will be announced as information becomes available.

If you are a business owner or are starting a new business, you may want to consider applying for financial assistance through the Small Business Administration's Loan Programs. If you need some guidance on SBA eligibility, as well as preparing your business plan and loan proposal you are encouraged to access the management and technical assistance available through our Resource Partners. These partners have business experts that can advise you on ways to enhance your marketing, re-evaluate your business plans, and look for new sources of financing. The resource partners include the 20 Small Business Development Centers (SBDC), 3 SCORE Chapters and 6 Women Business Centers (WESST) located across the state. Many of these services are free of charge.

The Resource Partners include:

- **Small Business Development Centers (SBDC)** – 20 centers around NM; 1-800-281-7232; www.nmsbdc.org
- **SCORE – Counselors to America's Small Business** – 3 Chapters in NM; Albuquerque 505-248-8232; Santa Fe 505-988-6302 – Las Cruces 575-523-5627 – www.score.org
- **Women's Business Centers (WESST)**
6 Regional Offices across NM; 1-800-GOWESST (1-800-469-3778); www.wesst.org; Albuquerque 505-246-6900; Gallup 505-863-3192; Las Cruces 575-541-1583; Rio Rancho 505-892-1238; Roswell 575-624-9850 and Santa Fe 505-988-5080
- **SBA New Mexico District Office Hotline** - Call Toll Free at 1-800-726-3632, and then select Option 2, followed by selection of Option 3. The telephone number is staffed from 8 a.m. to 4:30 p.m. Monday to Friday.
- **SBA Websites** - Additional information on the Recovery Act is available at the following websites at <http://www.sba.gov/recovery> and <http://www.sba.gov/nm>.

If you need additional information on the SBA Loan Programs, you may also contact our office at 505-248-8225.

Sincerely,
U. S. Small Business Administration
New Mexico District Office
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(505) 248-8225 Fax (505) 248-8246
www.sba.gov/nm



HELPING SMALL BUSINESS START, GROW AND SUCCEED

Q&A for Small Business Owners

What did the Obama Administration announce today?

The Treasury Department will commit up to \$15 billion to help unlock the secondary markets for small business loans. By purchasing these securities, the Treasury Department will facilitate the ability of lenders to make new loans to small businesses by providing confidence that there will be a ready buyer for those loans in the secondary market.

In addition, the Small Business Administration is immediately implementing two key provisions of the Recovery Act – temporarily eliminating certain loan fees and raising guarantee levels on some of its loans. These steps will provide lenders with the security they need to start lending again to the millions of small business owners desperately in need of capital.

Finally, the Treasury Department issued a call for new reporting requirements designed to better track small business lending by banks and unveiled guidance from the IRS for an expanded “carryback” provision that will offer many small businesses a tax refund.

Why will purchasing securities on the secondary market help small business owners?

Under normal circumstances, many banks sell a portion of their loans to companies that pool them together and sell them as securities to investors. This provides banks with new capital that they can use to make additional loans. The result is that the secondary markets significantly increase the amount of lending banks can do to small businesses.

Over the past year, however, the secondary markets for 7(a) and first lien 504 securities have ground to a virtual halt. The institutions that securitize these loans have been unable to find buyers for the securities they have already packaged. This has in turn reduced their willingness to purchase new loans from banks. Since banks depend on the secondary markets for liquidity, they have increasingly become reluctant to extend credit to small businesses.

Today’s announcement will help unlock secondary markets by providing assurances that the government will stand ready to purchase 7(a) and 504 first-lien securities. If you apply for a 7(a) or 504 loan at your local community bank, that bank will be more willing to lend because it will have confidence that the Treasury Department will be a ready buyer of the loan in the secondary markets.

Which loans are affected by the fee elimination and higher guarantees?

Beginning this week, the SBA will temporarily raise guarantees and eliminate fees for borrowers on certain of its 7(a) loans. 7(a) loans, which are partially guaranteed by the SBA, are issued by a bank to a small business to support its operations.

Additionally, the SBA has temporarily eliminated fees for borrowers and third party lenders on its 504 Certified Development Company Loans. These loans offer growing small businesses long-term, fixed-rate financing for major fixed assets, such as land, buildings and machinery and equipment. These loans are aimed at fostering community development, creating jobs and encouraging modernization.

How do I apply for these loans?

Borrowers apply for loans directly with their lending institutions, including banks, credit unions, and Small Business Lending Companies. The SBA works with thousands of small and large lenders nationwide. Lenders evaluate loan applications under their lending standards and decide whether to:

- a) Make the loan through conventional financing -- without a SBA guarantee --because the borrower meets their conventional credit standards;
- b) Make the loan with a SBA guarantee if the borrower does not meet conventional standards and is eligible for SBA programs; or
- c) Decline to make the loan.

What kind of businesses typically get SBA-backed loans?

Typical 7(a) borrowers are entrepreneurs looking to start, expand or acquire a small business. In many cases, the applicant may have a strong business idea, management ability, and sound financial projections, but may have a shortfall in collateral to secure a loan or equity to put into the business.

In order to qualify for a SBA 7(a) loan, borrowers must be unable to secure conventional commercial financing on reasonable terms and be a “small business” as defined by SBA size standards. In 2008, of the \$18 billion in SBA backed loans, 35% went to start-up businesses, nearly 32% (\$5.7 billion) went to minority owned businesses, and nearly 23% went to women owned businesses. The most frequently financed industries in 2008 were services, retail trade, accommodation/food service, construction firms, and manufacturing.

SBA-backed loans are three to five times more likely to be made to minority and women owned businesses than conventional small business loans made by banks, according to a recent study by the Urban Institute.

Is there a limit on how much I can apply for?

The maximum loan amount for a 7(a) loan is \$2 million. For 504 loans, the loan structures and amounts vary since lenders and borrowers each determine how much equity they are putting into the loan. However, for the SBA portion of the loan, the maximum loan amount is either \$2 million or \$4 million, depending on the purpose of the loan.

For most purposes, the SBA’s maximum guarantee for any borrower remains at \$1,500,000, or 75 percent of a \$2 million loan.

How soon can I get a loan to help me and take advantage of these new programs?

You can apply immediately to any SBA participating lender to take advantage of these programs.

- Fees will be reduced for 7(a) loans starting this week.
- Fees will be eliminated for 504 loans beginning this week.
- Microloan intermediaries across the country are providing loans of up to \$35,000 right now to start-up, newly established and growing small businesses.

Lenders will work with the SBA to process and approve these loans. Once we receive a completed loan package from a lender, the SBA can quickly process applications in just a few days.

Is the elimination of borrower fees permanent and retroactive?

The temporary fee eliminations for 7(a) loans support an overall program level of \$8.7 billion, while the temporary fee eliminations for 504 loans support an overall program level of \$3.6 billion. Depending on loan volume in these programs, the SBA estimates that it will be able to eliminate these fees on loans approved through approximately December 31, 2009. Fee eliminations will be retroactive for all eligible loans approved on or after Feb. 17, 2009.

What if I had a 7(a) or 504 loan approved on or after Feb. 17 and already paid the fees? How do I get a rebate?

SBA is in the process of developing a refund mechanism and expects to be able to begin issuing refunds by approximately May 1, 2009. If borrowers have already paid lenders for the fees on eligible loans, the lenders must reimburse the borrowers from the SBA refund.

What kind of savings will I see from the temporary borrower fee elimination?

Fees for a 7(a) loan are based only on the guaranteed portion of the loan and depend on the size of the loan. The fees range from 2% to 3.75%

For example, a \$300,000 loan with a 75% guaranty would have a guarantee fee of 3%. With the temporary elimination of fees, you would save \$6,750.00 (\$300,000 x 75% x 3%). Under the new 90% guaranty your savings would be \$8,100 (\$300,000 x 90% x 3%).

For a Section 504 loan from a Certified Development Company, the 1.5% application fee that is frequently charged to small businesses when they apply to the Certified Development Company for a loan will not be charged. For a typical 504 loan of about \$600,000, fee savings would equal about \$9,000. In addition, the SBA charges the first mortgage lender a fee equal to ½% of the first mortgage in a Section 504 loan transaction. The SBA will temporarily eliminate that fee as well, further encouraging the first mortgage lender to get involved with the development project.

I am a small business owner – what does the 90% guarantee mean to me?

It means that the lender will have less risk and a greater sense of security due to the higher guarantee percentage and will be more likely to extend credit to your small business.

Can I go to any lender in my area to take advantage of these new programs?

Only lenders who have been approved to participate in SBA lending programs can assist you with an SBA-guaranteed loan. Contact your local SBA District Office to obtain a list of approved participants in your area. Follow this link to locate the District Office nearest you: <http://www.sba.gov/localresources/index.html>.

What if I was already turned down by a bank in the past six months? Can I qualify for any of these new programs?

You are eligible to apply, but you will need to provide updated financial information that is current within 90 days. Over the past year the financial position of many individuals and businesses has deteriorated along with the economy, making some unfortunately no longer creditworthy.

The banks aren't lending to me. So how do any of the programs the President announced help me?

Revisit your lender and specifically ask about the Recovery Act and SBA loans. Many of the provisions in the Act provide incentives to lenders to encourage them to start lending again to get more dollars in the hands of the small businesses that need it most. Banks will now have access to more funds and higher guarantees making it less risky and more attractive to lend to small businesses. Also, you can contact your local SBA District Office to obtain a list of SBA-participating lenders in your area.

I own a small business, and my revenue has gone down. The equity in my house has declined and I don't have any more collateral to pledge. How do the President's programs help me?

SBA does not have a specific level of collateral that must be pledged. If your business is viable and you have pledged all of your available business and personal assets, a lender may consider making a loan to you with an SBA guarantee.

Additionally, as part of the Recovery Act, SBA is developing a new program to help viable businesses with immediate financial hardships with a short term loan that will help them make payments on their existing loans. We are working hard to get this program up and running as quickly as possible.

The Recovery Act includes other initiatives to help small business owners, including targeted tax relief for small business owners, allowing "carryback" of losses from this year for up to the previous five years; reducing the estimated tax payments a small business makes to the IRS from 110 percent to 90 percent; and providing the ability to write off up to \$250,000 of certain investments made in your small business.

I have only been in business for two years and don't have three years of financial statements or business history. Can I get a loan?

Yes, you may qualify for a loan. SBA loan guarantee programs are available to start-up, newly established and growing businesses. You will need to provide whatever financial information

you have available and will also be asked to furnish financial projections with assumptions to support your loan request.

I got laid off from my job. Now, I want to start a new business, building on my prior skills. I have a good business plan and am working with an accountant and an advisor. Can I get a loan from any of these new programs?

SBA loan programs are available to start-up businesses as well as those that are already established. All applicants must meet certain SBA eligibility and credit requirements. In general, you must be organized for profit, meet SBA specific size standards, and be unable to obtain funding on reasonable terms through traditional lending channels.

When applying for a loan, you must prepare a written loan proposal or business plan. The proposal should outline your business strategy over the next several years and briefly explain who you are, your business background, the nature of your business, the amount and purpose of your loan request, your requested terms of repayment, how the funds will benefit your business, and how you will repay the loan.

SBA has a host of resource partners (<http://www.sba.gov/localresources/index.html>) that can assist you in developing your plan, as well as online training resources through the Small Business Training Network <http://www.sba.gov/services/training/index.html>.

I need working capital now to buy inventory and to make payroll. How long will it take to get a loan? How much can I apply for?

You can apply for a loan by talking to a local SBA participating lender today. Once SBA receives a complete application package from your lender, SBA typically responds to the lender within a few business days.

SBA loan programs are available for most sound business purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). The maximum loan size under SBA's 7(a) loan program is \$2,000,000, although some programs have specific maximums that are lower.

I operate my business from home – does that matter? Can I qualify for a loan?

No, it does not matter. A home-based business must still meet our standard eligibility and credit criteria for all businesses. If you meet all eligibility and credit criteria, you can apply for a loan.

The President mentioned that the \$15 billion from the Treasury would primarily be focused on buying loans and freeing up lending for community banks, credit unions and other small lenders. Why?

Community banks, credit unions and other small lenders account for about 40 percent of all SBA-backed loans. Unclogging the secondary market for these local, small lenders will help them provide greater access to capital for the small businesses and entrepreneurs in their communities. While unclogging the secondary market is aimed at providing a funding source for smaller lenders, large lenders may also use the secondary market as a source of liquidity.

What other provisions are in the Recovery Act beyond fee elimination and higher guarantees, and when will they be implemented?

The additional provisions in the Recovery Act include:

- ***Microloan Expansion:*** Provides extra funding for loans and technical assistance to SBA backed microlenders
- ***ARC Stabilization Loans:*** Offers 100% guaranteed deferred payment of loans up to \$35,000 to help viable small businesses facing immediate economic hardship make payments on existing qualifying loans
- ***Expanded 504 Refinancing Project:*** Allows borrows to refinance an existing eligible loan as part of a new 504 small business expansion project.
- ***Surety Bond Program Expansion:*** Allows more small businesses to compete for contracts by raising the maximum amount for contracts that qualify for SBA surety bonds to \$5 million and up to \$10 million for certain contracts.
- ***SBIC Program Expansion:*** Increases the maximum levels of funding that SBA can provide to SBICs.
- ***Secondary Market Guarantee for 504 First Mortgages:*** Provides liquidity to lenders by allowing SBA to guarantee 504 first mortgage pools sold into the secondary market.
- ***7(a) Secondary Market Lending Authority:*** Increases liquidity in the secondary market for SBA loans by directly lending money to brokers to purchase SBA 7(a) loans.

SBA is working hard to implement these provisions with the goal of having the broadest impact on small businesses as rapidly and effectively as possible. Implementation will begin as soon as the rules and regulations are published in the *Federal Register*.



HELPING SMALL BUSINESS START, GROW AND SUCCEED

Recovery Act Contracting Opportunities Questions and Answers

Q. Is there an opportunity for small businesses to get contracts under the Recovery Act?

A. Yes. The SBA is committed to helping small businesses get connected with contracting opportunities as a result of the Recovery Act. SBA's Procurement Center Representatives are working with federal agencies to ensure that small businesses get their fair share of the prime and subcontracting opportunities stemming from the Recovery funds. The Recovery Act requires agencies to provide maximum opportunities for small businesses to compete for contracts.

The SBA is working with its district offices and resource partners to make small businesses aware of the contract dollars and information to pursue registration/certification at the state/local levels. Small businesses seeking contract opportunities as a result of the Recovery Act should visit Recovery.gov, an online portal with links to Recovery Act informational pages on federal agencies' web pages and their weekly update reports. At Recovery.gov, small businesses can get an idea of the areas that federal agencies are targeting for Recovery Act contracts as well as opportunities at the state and local level.

Federal agencies are expected to submit program specific Recovery Act plans with contracting opportunities for small businesses by May 1, 2009. Federal agencies will report contracts awarded using Recovery Act funding to the General Service Administration's Federal Procurement Data System-Next Generation (FPDS-NG) database, which is the government's official source for federal contracting data. Contracting data will also be available on Recovery.gov.

Q. How do small businesses learn about contracting opportunities at the state and local level under the Recovery Act?

A. Although these will be federal dollars, they will in many cases be provided directly to the states and localities. The State and local governments, municipal utility and school districts will award contracts using their currently established procedures. Each State's recovery website can be reached through Recovery.gov. The priority will be for projects that are "shovel/project ready;" those that can be rolled-out quickly, putting individuals back to work. This means that small businesses must be "contract ready," i.e., registered/certified to do business with the State and local governmental entities which will most likely be the primary contracting agencies for these projects.

Q. Is there a central location where federal contracting opportunities and requests for proposals are located?

A. All federal government contracting opportunities over \$25,000 will be posted to FedBizOpps. Small businesses can access this site at: www.fbo.gov. They can also learn about possible subcontracting opportunities by the prime contractor (large or small) that receive the contract award. Small businesses can identify prime contractors for subcontracting opportunities through the Electronic Subcontracting Reporting System (eSRS) at www.esrs.gov.

Q. Does the SBA offer other tools and services for small businesses seeking federal contracting opportunities?

The SBA and its resource partners, including Small Business Development Centers, SCORE, Women's Business Centers and Veteran Outreach Centers can provide technical, financial and contracting assistance to small businesses. For more information on these organizations visit www.sba.gov. Procurement Technical Assistance Centers, funded by the Department of Defense, are also good sources of procurement assistance. A listing of PTAC organizations is located at: www.dla.mil/db/procurem.htm.

Some of the government contracting tools currently available to small businesses include a free online course, Business Opportunities: A Guide to Winning Federal Contracts, which is a self-paced guide and easy-to-follow training course that can be accessed by visiting www.sba.gov/training, clicking on the menu of free online courses and selecting the first course listed under Government Contracting. Participants will receive a certificate of completion upon completing the 30-minute tutorial.

Other tools include a brochure entitled Opening Doors to Federal Government Contracting Opportunities available at www.sba.gov/openingdoors and three fact sheets--Federal Contracting Opportunities for HUBZone Entrepreneurs, Federal Contracting Opportunities for Women-Owned Small Businesses and Federal Contracting Opportunities for Service-Disabled Veteran-Owned Small Businesses available at: <http://www.sba.gov/tools/resourcelibrary/publications/index.html>.

Small businesses seeking contract opportunities can also contact the Office of Small Disadvantaged Business Utilization (OSDBU) in any of the procuring federal agencies. These offices assist small businesses with obtaining contracts and subcontracts with federal agencies and prime contractors. For a list of OSDBUs in the procuring federal agencies and their contact information, visit <http://www.osdbu.gov/offices.html>.

The Recovery Act provides entrepreneurs and lenders financial relief from the current economic crisis that will help encourage borrowing and lending to all small businesses, including start-ups.

For small businesses, the Recovery Act temporarily eliminates SBA guaranteed 7(a) and 504 loan fees and offers tax benefits. For lenders, it temporarily eliminates 504 loan fees. The fee eliminations are retroactive to February 17, 2009, the day the Recovery Act was signed. Also under the Act, small businesses that need surety bonds to compete for construction and service contracts can qualify for SBA-backed surety bonds of up to \$5 million (and in some cases, \$10 million), more than double the previous \$2 million maximum. Visit www.sba.gov/recovery for more information on small business and the Recovery Act.

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News Release

PRESS OFFICE

Release Date: May 18, 2009
Release Number: 09-30-NM

Contact: David J. Hall (202) 205-6697
Internet Address: <http://www.sba.gov/news>

SBA Launches New 100-Percent Guarantee ARC Loan Program to Help Struggling Businesses

WASHINGTON – Small businesses suffering financial hardship as a result of the slow economy may be eligible to receive temporary relief to keep their doors open and get their cash flow back on track through to a new loan program announced today by SBA Administrator Karen G. Mills.

Beginning on June 15, SBA will start guaranteeing America's Recovery Capital (ARC) loans. ARC loans are deferred-payment loans of up to \$35,000 available to established, viable, for-profit small businesses that need short-term help to make their principal and interest payments on existing qualifying debt. ARC loans are interest-free to the borrower, 100 percent guaranteed by the SBA, and have no SBA fees associated with them.

"These ARC loans can provide the critical capital and support many small businesses need to make it through these tough economic times," said Administrator Mills. "Together with other provisions of the Recovery Act, ARC loans will free up capital and put more money in the hands of small business owners when they need it the most. This will help viable small businesses continue to grow and thrive and create new jobs in communities across the country."

As part of the Recovery Act, the ARC program was created as a no-interest, deferred payment loan to help small businesses that have a history of good performance, but as a result of the tough economy, are struggling to make debt payments.

ARC loans will be disbursed within a period of up to six months and will provide funds to be used for payments of principal and interest for existing, qualifying small business debt including mortgages, term and revolving lines of credit, capital leases, credit card obligations and notes payable to vendors, suppliers and utilities. Repayment will not begin until 12 months after the final disbursement. Borrowers don't have to pay interest on ARC loans. After the 12-month deferral period, borrowers will pay back the loan principal over a period of five years.

ARC loans will be made by commercial lenders, not SBA directly. For more information on ARC loans, visit www.sba.gov

You can receive all of the SBA's News Releases via email. To subscribe, visit <http://web.sba.gov/list> and select "Press Office."

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News Release

PRESS OFFICE

Release Date: March 27, 2009
Release Number: 09-19-NM

Contact: Dennis Byrne (202) 205-6567
Internet Address: <http://www.sba.gov/news>

Recovery Act More Than Doubles Surety Bond Guarantee Ceiling for Small Businesses

Move Could Help Spur Much Needed Construction Growth

WASHINGTON – Effective today, small businesses that need surety bonds to compete for construction and service contracts can qualify for U.S. Small Business Administration-backed surety bonds of up to \$5 million. The higher amount, a result of the Recovery Act, is more than double the previous \$2 million maximum surety bond guaranteed by SBA.

Through SBA's Surety Bond Guarantee program, SBA guarantees bid, payment and performance bonds. Surety bonds protect the project owner against financial loss if contractors default or fail to perform.

SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Under the partnership, SBA provides a guarantee to a participating surety company of between 70 and 90 percent of the bond amount.

"During these difficult economic times," said Acting SBA Administrator Darryl K. Hairston, "these changes are particularly helpful to small and emerging contractors who need access to surety bonds so they can bid on public construction and service projects. These changes will support small and emerging businesses nationwide, particularly construction contractors who have seen their markets hurt by a poor economy and lagging construction environment."

Additional program enhancements contained in the stimulus bill will be announced soon in the *Federal Register*. Among these changes is a provision that will allow SBA to guarantee a bond on a federal contract up to \$10 million following certification by the contracting officer that the bond guarantee is required.

In recent years SBA has taken a number of steps to reinvigorate its Surety Bond Guarantee Program and make it easier for small businesses to obtain bonds. In 2007, SBA established a more flexible pricing structure, allowing Preferred Surety Bond Sureties to charge current state rates rather than being locked into rates that were established several years ago.

Industry associations have commended SBA for these new changes and SBA continues to encourage surety bond providers and agents to actively participate in the program.

(More)

Page Two . . . Stimulus Bill Raises Surety Bond Guarantee continued . . .

In the past year, SBA also implemented a new electronic bond application process. Small businesses and surety companies participating in the SBA prior approval program are able to transmit application forms electronically to help expedite review and approval processes. The SBA also re-engineered the claims reimbursement process to shorten the cycle time between submission of a claim for reimbursement by a surety company and payment by the government.

SBA assistance in locating a participating surety company or agent and completing application forms is available online. For more information on SBA's Surety Bond Guarantee Program, go online to <http://www.sba.gov/osg/> or call 1-800-U ASK SBA.

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News Release

PRESS OFFICE

Release Date: March 16, 2009

Release Number: 09-17-NM

Contact: Mike Stamler (202) 205-6919

Internet Address: <http://www.sba.gov/news>

Statement from SBA Acting Administrator on Recovery Efforts Announced by President Obama Today

WASHINGTON – The following statement was issued today by Acting Administrator Darryl K. Hairston of the U.S. Small Business Administration following the announcement by President Barack Obama of important steps being taken by the SBA and the U.S. Department of Treasury to address the economic challenges facing small businesses and entrepreneurs across the country.

“U.S. small businesses employ about half our nation’s workers and over the last decade have created about 70 percent of all new jobs. But their access to credit and lending markets has dried up, making it harder every day for small businesses to keep their doors open and their employees working. American small businesses are one of the strongest engines for economic prosperity in the world, and we can’t let this crisis continue to undermine their growth and potential. Today President Obama reiterated his belief that we owe it to America’s small businesses to be the partner they need in the midst of this crisis. At SBA, we couldn’t agree more.

“SBA this week is implementing two key provisions laid out in the Recovery Act – we are temporarily eliminating certain loan fees and raising guarantees on some 7(a) loans up to 90 percent. With these critical steps by SBA, and the Treasury Department’s commitment of up to \$15 billion aimed at getting lending markets flowing again, we are standing up with small business owners across this country and telling them how we are going to put much-needed capital in their hands.

“We hope small businesses will take the opportunity to ask their banks about the SBA loans that might be available to them. And, we encourage community banks and other lenders to work with us to reach as many qualified borrowers as we can during these difficult times.”

Beginning today, the SBA will:

- **Temporarily raise guarantees to up to 90 percent** on SBA’s 7(a) loan program, through calendar year 2009, or until the funds are exhausted. This increase in guarantee levels will help provide banks with the greater confidence they need to extend credit during the current recession, will mean more capital available to small business owners around the country.

(more)

- **Temporarily eliminate fees** for borrowers on SBA 7(a) loans and for both borrowers and lenders on 504 Certified Development Company loans, through calendar year 2009, or until the funds are exhausted. This will mean more capital available to small businesses at a lower cost. The fee elimination is retroactive to February 17, the day the Recovery Act was signed. SBA is developing a mechanism for refunding fees paid on loans since then.

Additionally, the President announced today that the Treasury Department will commit up to \$15 billion to help unlock the frozen credit markets by purchasing small business loan securities currently frozen on the secondary market. By purchasing these securities, it will unlock these secondary markets, and in turn, free up more capital to jumpstart lending for small business owners. The SBA has worked closely with the Treasury Department to address the need to unlock these secondary markets for SBA loans.

For more information on the SBA and Treasury initiatives announced today by the President, visit the SBA Web site at www.sba.gov.

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